

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01
DOE-11 SIL-01 /118 W
-----024714 151615Z /42

R 151556Z FEB 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 5944
INFO AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY OTTAWA
USMISSION GENEVA
ALL EC CAPITALS
AMCONSUL BORDEAUX
AMCONSUL LYON
AMCONSUL MARSEILLE
AMCONSUL NICE
AMCONSUL STRASBOURG

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PASS STR, ALSO USMTN, USEEC ALSO EMBASSY

E.O. 11652: N/A
TAGS: ETRD, EEC, FR
SUBJECT: EC ANTI-DUMPING PROCEEDING ON BLEACHED PULP
AND KRAFT LINER

REF: (A) PARIS 03166; (B) PARIS 4254; (C) PARIS 3693;
(D) BRUSSELS 2130; (E) PARIS A-04 DATED JANUARY 9,1978

1. SUMMARY. IN RECENT CONVERSATIONS, OFFICIALS OF THE
FRENCH PULP AND PACKAGING PAPER INDUSTRIES DISCUSSED
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THE DOMINANT ROLE OF POLITICAL AND SOCIAL CONSIDERATIONS
IN THE EC ANTI-DUMPING PROCEEDINGS ON BLEACHED PULP
AND KRAFT LINER. REPRESENTATIVES OF BOTH INDUSTRIES
EXPRESSED THEIR DESIRE TO REACH VOLUNTARY SOLUTIONS TO
THE PRICING PROBLEMS. END SUMMARY.

2. IN A FEBRUARY 10 DISCUSSION JEAN-MARC ANGELLOZ,

DELEGUE GENERAL OF THE FRENCH PULP PRODUCERS ASSOCIATION, AND PAUL SERVAIS, DELEGUE GENERAL OF THE FRENCH PACKAGING PAPER PRODUCER'S ASSOCIATION, EXPRESSED THEIR INDUSTRIES' INTEREST IN OBTAINING A RETURN TO ORDERLY MARKETS WITHOUT THE IMPOSITION OF DUMPING DUTIES. HOWEVER BOTH EXPRESSED CONCERN THAT DIFFICULTIES CREATED BY U.S. ANTI-TRUST LAWS PREVENT DISCUSSIONS CONCERNING PRICE ASSURANCES. BOTH MR. ANGELLOZ AND MR. SERVAIS STRESSED THE POLITICAL AND SOCIAL IMPLICATIONS INVOLVED IN THE COMPLAINTS WHICH THEIR ORGANIZATIONS INSTIGATED. THE SITUATION IN BOTH INDUSTRIES IS CRITICAL. FAILURE TO ACHIEVE AN AMELIORATION OF THE SITUATION COULD BRING ABOUT BANKRUPTCIES AND PLANT CLOSINGS WHICH WOULD PROVE EXTREMELY EMBARRASSING TO THE MAJORITY IN THE FOUR WEEKS BEFORE THE LEGISLATIVE ELECTIONS.

3. CONCERNING THE KRAFT LINER PROCEEDING, MR. SERVAIS TOLD US THAT THE CONFRONTATION SESSION SCHEDULED FOR THIS WEEK WILL BE A SINGLE GATHERING OF ALL OF THE PARTIES CONCERNED. THE FRENCH TRADE ASSOCIATION HOPES THAT THE SESSION WILL RESULT IN A VOLUNTARY RETURN TO "NORMAL" PRICES, AND THAT U.S. PRODUCERS WILL OFFER PRICE ASSURANCES. THE COMMISSION DISCUSSED THE CASE WITH THE SCANDINAVIANS TO INFORM THEM OF THEIR POSSIBLE INCLUSION IN THE PROCEEDINGS. THE SCANDINAVIANS ALLEGEDLY GAVE PRICE ASSURANCES AT AN LIMITED OFFICIAL USE

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UNOFFICIAL MEETING. IF THE CASE IS NOT SETTLED AT THE CONFRONTATION SESSION, THE TRADE ASSOCIATION EXPECTS THE COMMISSION TO MAKE A DETERMINATION BEFORE MARCH 10 ALTHOUGH A POSTPONEMENT IN VIEW OF THE FRENCH ELECTIONS WOULD NOT BE IMPOSSIBLE.

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4. CONCERNING BLEACHED PULP, MR. ANGELLOZ INFORMED US THAT, DESPITE THE POSTPONEMENT (REF. (B)) THE GOF INTENDS TO PURSUE THE COMPLAINT. THE INDUSTRY HAS BEEN CONSISTENTLY IN CONTACT WITH THE GOF CONCERNING ITS FINANCIAL SITUATION. OF PARTICULAR CONCERN, THE GROUPEMENT EUROPEEN DU CELLULOSE (G.E.C.), THE LARGEST EUROPEAN BLEACHED PULP PRODUCER, IS IN A VIRTUAL STATE OF BANKRUPTCY. THE G.E.C. HAS 3,000 EMPLOYEES AND ACCOUNTS FOR APPROXIMATELY 10,000 ADDITIONAL JOBS IN LIMITED OFFICIAL USE

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SUPPORTING INDUSTRIES. ITS LIQUIDATION WOULD BE POLITICALLY UNACCEPTABLE AND A MORTAL BLOW TO THE FRENCH SECTORAL POLICY (REF. (E)). THIS SITUATION RESULTED BOTH IN THE IMPOSITION OF IMPORT LICENSING PROCEDURES (RE. (A)) AND THE FILING OF THE DUMPING COMPLAINT. ACCORDING TO ANGELLOZ, THE MINISTRIES OF INDUSTRY AND FINANCE INSISTED THAT THE ASSOCIATION FILE A DUMPING COMPLAINT TO PROVE THE SERIOUSNESS OF ITS DESIRE TO COPE WITH THE SITUATION.

5. COMMENT. IT IS INTERESTING TO NOTE THAT THE PAPER INDUSTRIES HAVE BEEN FOLLOWING THE EVOLUTION OF THE STEEL SITUATION CLOSELY. SOME INTERESTING PARALLELS ARE EVIDENT. IN BOTH SECTORS THE INDUSTRIES ARE PLAYING

HEAVILY ON THE SOCIAL AND POLITICAL CONSEQUENCES OF
THEIR DIFFICULTIES TO EXACT GOF ASSISTANCE, AND, THE
COMMISSION IS SAID TO BE CONCERNED WITH THESE
CONSEQUENCES. IN THE KRAFT LINER AND BLEACHED PULP
CASES, IT IS LIKELY TO BEND OVER BACKWARD TO SUPPORT
INDUSTRY VIEWS, ON THE ASSUMPTION THAT A PRIMA FACIE
CASE HAS BEEN MADE. ANGELLOZ AND SERVAIS FURTHER
IMPLY THAT BECAUSE OF THESE CONSEQUENCES, THE USG HAS
AN INTEREST IN REACHING AN AMICABLE SOLUTION TO THE
PROBLEM.
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